

**DEPARTMENT OF SOCIAL AND HEALTH SERVICES
HEALTH AND RECOVERY SERVICES ADMINISTRATION
Olympia, Washington**

To:	All Providers Managed Care Organizations	Memorandum No: 06-113 Issued: December 29, 2006
From:	Douglas Porter, Assistant Secretary Health and Recovery Services Administration (HRSA)	For information contact 800.562.3022 or go to: http://maa.dshs.wa.gov/contact/prucontact.asp
Subject:	The 2005 Deficit Reduction Act – Section 6033 – Employee Education about False Claims Recovery	

The purpose of this memorandum is to clarify for providers the requirements of the Deficit Reduction Act of 2005 (section 6033).
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What is the new federal law?

Section 6033 of the Federal Deficit Reduction Act of 2005, effective January 1, 2007, requires any “entity” receiving or making annual Medicaid payments of \$5 million or more to establish and adopt written policies about the False Claims Act and other provisions named in section 1902(a)(68) of the Social Security Act for all its employees, contractors, and agents.

What is an entity?

An entity includes any of the following, whether for-profit or not-for-profit, that receives or makes \$5 million or more in Medicaid payments under a State Plan for Medical Assistance:

- Governmental agency;
- Organization;
- Unit;
- Corporation;
- Partnership; and
- Other business arrangement (including any Medicaid managed care organizations, state mental health facilities, and school districts providing school-based health services).

A provider of Medicaid healthcare items and services will be considered an entity if the provider made or received \$5 million or more in payments during federal fiscal year 2006 (the time period beginning October 1, 2005, and ending September 30, 2006).

What does the new federal law require entities to do?

- An entity must establish written policies for all employees (including management) and any contractors or agents of the entity, that include detailed information about the False Claims Act and other provisions named in section 1902(a)(68). These policies must include detailed information about the entity's policies and procedures for detecting and preventing waste, fraud, and abuse.
- The entity must also include in any employee handbook:
 - ✓ A specific discussion of the laws described in the written policies;
 - ✓ The rights of employees to be protected as whistleblowers; and
 - ✓ A specific discussion of the entity's policies and procedures for detecting and preventing fraud, waste, and abuse.
- There is no requirement that an entity create an employee handbook if none already exists.

Do I have to comply with the new federal regulation?

- **Yes**, if you:
 - ✓ Make or receive \$5 million or more in payments through a single location or contractual arrangement. You are required, as a condition of receiving or making such payments, to comply with section 1902(a)(68) of the Social Security Act, effective January 1, 2007.
 - ✓ Make or receive \$5 million or more in payments through more than one location or under more than one contractual or other payment arrangement. You are required, as a condition of receiving or making such payments, to comply with section 1902(a)(68) of the Social Security Act, effective January 1, 2007. This applies if you submit claims for payments using one or more provider identification or tax identification numbers.
- **No**, if you make or receive less than \$5 million in payments.

Note: Covered entities will be determined yearly based on Medicaid payments made during preceding Federal Fiscal Year.

What is HRSA's Responsibility?

The Health and Recovery Services Administration (HRSA) will establish procedures to ensure compliance with section 1902(a)(68).

Questions

If you have questions about this numbered memorandum, you may contact the HRSA Provider Relations Unit at 800.562.3022 or go to: <http://maa.dshs.wa.gov/contact/prucontact.asp>

How do I conduct business electronically with HRSA?

You may conduct business electronically with HRSA by accessing the WAMedWeb at <http://wamedweb.acs-inc.com>

How can I get HRSA's provider documents?

To obtain DSHS/HRSA provider numbered memoranda and billing instruction, go to the DSHS/HRSA website at <http://hrsa.dshs.wa.gov> (click *the Billing Instructions and Numbered Memorandum* link). These may be downloaded and printed.